

## EXHIBIT 1

### INTRODUCTION

Respondent David Dhillon is a former El Centro City Councilmember. He was first elected to his city council seat in 1985 and served on the council through 2001. He lost a bid for re-election to his city council seat in the 2001 general election. Respondent Dhillon formed Respondent David Dhillon Campaign, a controlled committee, in 1993 for a city council re-election campaign and maintained the committee throughout his tenure on the council. During 1999 and 2000, Respondent David Dhillon Campaign spent approximately \$6,000.

Respondent Dhillon also unsuccessfully ran for the Imperial County Board of Supervisors in the November 7, 2000 general election, after having successfully run in the March 7, 2000 primary election. Respondent Dhillon for Supervisor was Respondent Dhillon's controlled committee for that election. During 1999 and 2000, Respondent Dhillon for Supervisor raised and spent approximately \$44,000.

Respondent Dhillon also explored running for the 80<sup>th</sup> Assembly District seat in the 2000 primary and general elections. Respondent Dhillon used a previously formed controlled campaign committee, Respondent Dhillon for Assembly, to raise money for that race, but aborted the effort in favor of the above-referenced supervisorial race. From 1998 through 2000, Respondent Dhillon for Assembly raised and spent approximately \$64,000.

Respondent Dhillon was the treasurer for all three of the above-referenced Respondent committees during all times relevant herein.

The Political Reform Act (the "Act")<sup>1</sup> requires candidates, their controlled committees, and the treasurers of those committees, to file campaign statements at specific times disclosing information regarding contributions received and expenditures made by the committee. In this matter, during the period January 1, 1998 through December 31, 2000, Respondent Dhillon and his various controlled committees failed to file campaign statements, and failed to disclose the receipt of contributions and the making of expenditures.

For the purposes of this Stipulation, Respondents' violations of the Act are stated as follows:

COUNT 1: Respondents David Dhillon and David Dhillon Campaign failed to file a first pre-election campaign statement, for the reporting period July 1, 2000 to September 30, 2000, by the October 5, 2000 due date, in violation of section 84200.5, subdivision (b) of the Government Code.

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<sup>1</sup> The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of title 2 of the California Code of Regulations. All regulatory references are to title 2, division 6 of the California Code of Regulations, unless otherwise indicated.

RESPONDENTS: David Dhillon and David Dhillon Campaign.

COUNT 2: Respondent David Dhillon failed to file a statement of intention to be a candidate for supervisor prior to soliciting or receiving contributions for his supervisorial campaign in December 1999, in violation of section 85200 of the Government Code.

COUNT 3: Respondents David Dhillon and Dhillon for Supervisor failed to disclose four contributions of \$100 or more, and incorrectly identified the source of two other contributions of \$100 or more, on a semi-annual campaign statement, filed on August 24, 2000, for the reporting period February 20, 2000 to June 30, 2000, in violation of section 84211, subdivision (f) of the Government Code.

COUNT 4: Respondents David Dhillon and Dhillon for Supervisor failed to disclose two contributions of \$100 or more, on a first pre-election campaign statement, filed on October 27, 2000, for the reporting period July 1, 2000 to September 30, 2000, in violation of section 84211, subdivision (f) of the Government Code.

COUNT 5: Respondents David Dhillon and Dhillon for Supervisor failed to disclose five contributions of \$100 or more, on a second pre-election campaign statement, filed on October 27, 2000, for the reporting period October 1, 2000 to October 21, 2000, in violation of section 84211, subdivision (f) of the Government Code.

COUNT 6: Respondents David Dhillon and Dhillon for Supervisor failed to disclose an expenditure of \$100 or more, on a semi-annual campaign statement, filed on January 31, 2001, for the reporting period October 22, 2000 to December 31, 2000, in violation of section 84211, subdivision (k) of the Government Code.

RESPONDENTS: David Dhillon and Dhillon for Supervisor

COUNT 7: Respondents David Dhillon and Dhillon for Assembly failed to file a first pre-election campaign statement, for the reporting period January 1, 2000 to January 22, 2000, by the January 27, 2000 due date, in violation of section 84200.5, subdivisions (a) and (c) of the Government Code.

COUNT 8: Respondents David Dhillon and Dhillon for Assembly failed to file a second pre-election campaign statement, for the reporting period January 23, 2000 to February 19, 2000, by the February 24, 2000 due date, in violation of section 84200.5 subdivisions (a) and (c) of the Government Code.

COUNT 9: Respondents David Dhillon and Dhillon for Assembly failed to file a semi-annual campaign statement, for the reporting period February 20, 2000 to June 30, 2000, by the July 31, 2000 due date, in violation of section 84200, subdivision (a) of the Government Code.

RESPONDENTS: David Dhillon and Dhillon for Assembly

## **SUMMARY OF THE LAW**

An express purpose of the Act, as set forth in section 81002, subdivision (a), is to ensure that receipts and expenditures in election campaigns are fully and truthfully disclosed to the public, so that voters may be better informed, and improper practices may be inhibited. To that end, the Act sets forth a comprehensive campaign reporting system designed to accomplish these purposes of disclosure.

### **A. Duty to File Statement of Intention to Become a Candidate**

Section 85200 provides that, prior to soliciting or receiving any contributions, an individual who intends to be a candidate for office is required to file a statement of intention to be a candidate for the specific office sought. A candidate for elective state office must file a statement of intention with the Secretary of State. A candidate for any other elective office must file a statement of intention with the filing officer where his or her original campaign statements would be filed.

### **B. Duty to File Campaign Statements**

Section 82013, subdivision (a) includes within the definition of “committee” any person or combination of persons who directly or indirectly receives contributions totaling one thousand dollars (\$1,000) or more in a calendar year. This type of committee is commonly referred to as a “recipient committee.” Under section 82016, a recipient committee that is controlled directly or indirectly by a candidate is a “controlled committee.”

#### **1. Duty to File Semi-annual Campaign Statements**

Section 84200, subdivision (a) requires candidates and recipient committees to file semi-annual campaign statements each year no later than July 31 for the reporting period ending on June 30, and no later than January 31 of the following year for the semi-annual reporting period ending December 31.<sup>2</sup>

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<sup>2</sup> Regulation 18116 provides that when a filing deadline falls on a Saturday, Sunday, or official state holiday, the filing deadline is extended to the next business day.

## 2. Duty to File Pre-election Statements

Section 84200.5, subdivision (a) requires that candidates for elective state office in the statewide direct primary or the statewide general election in an even-numbered year, and their controlled committees, must file pre-election campaign statements in accordance with sections 84200.7 and 84200.8. Section 84200.5, subdivision (b) requires that all candidates not specified in section 84200.5, subdivision (a), who are being voted upon on the first Tuesday after the first Monday in November of an even-numbered year, and their controlled committees, must file pre-election campaign statements in accordance with section 84200.7. Section 84200.5, subdivision (c) requires that all candidates being voted upon on a date other than the first Tuesday after the first Monday in November of an even numbered year, and their controlled committees, must file pre-election campaign statements in accordance with section 84200.8.

Section 84200.7, subdivision (b) requires candidates and their controlled committees to file a first pre-election campaign statement no later than October 5, for the reporting period ending on September 30, and a second pre-election campaign statement no later than 12 days before the election for the reporting period ending 17 days before the election. Section 84200.8, subdivisions (a) and (b) require candidates and their controlled committees to file a first pre-election campaign statement no later than 40 days before the election, for the reporting period ending 45 days before the election, and a second pre-election campaign statement no later than 12 days before the election, for the reporting period ending 17 days before the election.

## 3. Filing Officers

Section 84215, subdivision (a) requires all candidates for elective state office to file their campaign statements with the office of the Secretary of State.<sup>3</sup> Section 84215, subdivision (d) requires all candidates for county office and their controlled committees to file campaign statements with the county clerk. Section 84215, subdivision (e) requires all city elected officers, candidates for city office, and their controlled committees to file campaign statements with the clerk of the city.

## C. Duty to Disclose Contributions and Expenditures

Section 84211 prescribes the contents of campaign statements that must be filed by candidates and committees. Each campaign statement must include specific information about each contribution of \$100 or more. For each contribution of \$100 or more received by a candidate or recipient committee during a reporting period, the campaign statement for that reporting period must provide descriptive information, including: the full name of the person who made the contribution; the person's street address; the person's occupation; the person's employer, or if self-employed, the name of the business; and the date and amount for each contribution received in the reporting period. (Sec. 84211, subd. (f)(1)-(5).) For each expenditure of \$100 or more made by a candidate or recipient committee during a reporting

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<sup>3</sup> Statewide candidates are also required to file their campaign statements with the Registrar-Recorder of Los Angeles County and the Registrar of Voters of the City and County of San Francisco. (Section 84215, subds. (a)(2) and (3).)

period, the campaign statement for that reporting period must provide descriptive information, including: the full name of the person to whom the expenditure was made; the person's street address; the amount of the expenditure; and a brief description of the consideration for which the expenditure was made. (Sec. 84211, subds. (k)(1)-(4).)

D. Treasurer Liability

Under section 84100 and regulation 18427, subdivision (a), a committee's treasurer has the duty to ensure compliance with all requirements of the Act concerning the receipt and expenditure of funds, and the reporting of such funds. Pursuant to sections 83116.5 and 91006, the treasurer of a committee may be held jointly and severally liable, along with the committee, for the committee's reporting violations.

### **SUMMARY OF THE FACTS**

Respondent David Dhillon maintained three controlled campaign committees during 1999 and 2000. These three controlled campaign committees were Respondent David Dhillon Campaign, Respondent Dhillon for Supervisor, and Respondent Dhillon for Assembly.

Respondent Dhillon formed Respondent David Dhillon Campaign as a committee to support his candidacy for re-election to the El Centro City Council. Respondent David Dhillon Campaign qualified as a committee under the Act on October 3, 1993. Respondent David Dhillon Campaign expended approximately \$6,000 during 1999 and 2000 in support of Respondent Dhillon's unsuccessful campaign for re-election to his city council seat in the November 2001 election. Respondent Dhillon was the treasurer of Respondent David Dhillon Campaign during all times relevant herein.

Respondent Dhillon also unsuccessfully ran for the Imperial County Board of Supervisors in the November 7, 2000 general election, after having successfully run in the March 7, 2000, primary election. Respondent Dhillon for Supervisor was formed to support Respondent Dhillon's candidacy for supervisor. Respondent Dhillon for Supervisor qualified as a committee on December 15, 1999. Respondent Dhillon for Supervisor raised and spent approximately \$44,000 during 1999 and 2000. Respondent Dhillon was the treasurer of Respondent Dhillon for Supervisor during all times relevant herein.

Respondent Dhillon also intended to run for the 80<sup>th</sup> Assembly District seat in the 2000 primary and general elections, but aborted that run in favor of the above-discussed supervisorial race. Respondent Dhillon for Assembly was formed and qualified as a committee on February 25, 1992. Respondent Dhillon for Assembly raised and spent approximately \$64,000 during 1998, 1999, and 2000. Respondent Dhillon was the treasurer of Respondent Dhillon for Assembly during all times relevant herein.

## **David Dhillon Campaign**

### **COUNT 1**

#### **Failure to File a First Pre-election Campaign Statement**

Because Respondent Dhillon maintained two controlled committees for county and elective state office in addition to Respondent David Dhillon Campaign, Respondents Dhillon and David Dhillon Campaign were required to file a first pre-election campaign statement, for the July 1, 2000 through September 30, 2000 reporting period, with the El Centro City Clerk, the Imperial County Clerk, and the Secretary of State. (Sections 84200.5 and 84215.) The campaign statement was due on October 5, 2000.

Respondents Dhillon and David Dhillon Campaign failed to file a first pre-election campaign statement with any filing officer for the July 1, 2000 through September 30, 2000 reporting period, by October 5, 2000. Respondent David Dhillon Campaign received contributions, totaling \$1,672, from Respondent Dhillon for Assembly, and made expenditures of \$6,303, during the first pre-election reporting period.

By failing to file a first pre-election campaign statement by October 5, 2000, Respondents Dhillon and David Dhillon Campaign violated section 84200.5, subdivision (b).

## **Dhillon for Supervisor**

### **COUNT 2**

#### **Failure to File Statement of Intention to Become a Candidate**

Section 85200 provides that, prior to soliciting or receiving any contributions, an individual who intends to be a candidate for office is required to file a statement of intention to be a candidate for the specific office sought. A candidate for elective state office must file a statement of intention with the Secretary of State. A candidate for any other office must file a statement of intention with the filing officer where his or her original campaign statements would be filed.

Respondent Dhillon for Supervisor qualified as a committee on December 15, 1999. Respondent Dhillon for Supervisor had a balance of \$2,150, as of January 1, 2000. Respondent Dhillon for Supervisor received an additional \$11,200 in contributions in the month of January 2000. Respondent Dhillon never filed a statement of intention to be a candidate for supervisor with the Imperial County Clerk.

By failing to file a statement of intention to become a candidate with the Imperial County Clerk prior to soliciting and/or receiving contributions, Respondent Dhillon violated section 85200.

COUNT 3  
**Failure to Report Campaign Contributions**

On the semi-annual campaign statement filed on August 24, 2000, for the reporting period February 20, 2000 through June 30, 2000, Respondents Dhillon and Dhillon for Supervisor failed to disclose four contributions on the semi-annual campaign statement, totaling \$10,400, received during the reporting period. Specifically, on February 22, 2000, Respondent Dhillon for Supervisor received a contribution of \$10,000 from Respondent Dhillon for Assembly that was not disclosed on the semi-annual campaign statement. On March 7, 2000, Respondent Dhillon for Supervisor received a contribution of \$100 from the Vacation Inn of El Centro that was not disclosed on the semi-annual campaign statement. On March 20, 2000, Respondent Dhillon for Supervisor received a contribution of \$100 from Charles Benefield that was not disclosed on the semi-annual campaign statement. On June 17, 2000, Respondent Dhillon for Supervisor received a contribution of \$200 from V. Ghazarian that was not disclosed on the semi-annual campaign statement.

Additionally, on that same semi-annual campaign statement, Respondents Dhillon and Dhillon for Supervisor incorrectly identified two other contributions received from Respondent Dhillon for Assembly, totaling \$3,000, as contributions from Respondent Dhillon.

By failing to disclose four contributions on the semi-annual campaign statement, filed on August 24, 2000, and incorrectly identifying the source of two other contributions, Respondents Dhillon and Dhillon for Supervisor violated section 84211, subdivision (f).

COUNT 4  
**Failure to Report Campaign Contributions**

On the first pre-election campaign statement filed on October 27, 2000, for the reporting period July 1, 2000 through September 30, 2000, Respondents Dhillon and Dhillon for Supervisor failed to disclose two contributions, totaling \$4,300, received during the reporting period. Specifically, on August 29, 2000, Respondent Dhillon for Supervisor received a contribution of \$600 from Uttam Dhillon that was not disclosed on the pre-election campaign statement. On September 19, 2000, Respondent Dhillon for Supervisor received a contribution of \$3,700 from Respondent Dhillon that was not disclosed on the pre-election campaign statement.

By failing to file to disclose two contributions on the first pre-election campaign statement, filed on October 27, 2000, Respondents Dhillon and Dhillon for Supervisor violated section 84211, subdivision (f).

COUNT 5  
**Failure to Report Campaign Contributions**

On the second pre-election campaign statement filed on October 27, 2000, for the reporting period October 1, 2000 through October 21, 2000, Respondents Dhillon and Dhillon for Supervisor failed to disclose five contributions, totaling \$5,950, received during the reporting

period. Specifically, on October 20, 2000, Respondent Dhillon for Supervisor received a contribution of \$5,000 from David King Chee that was not disclosed on the pre-election campaign statement. On October 2, 2000, Respondent Dhillon for Supervisor received two \$100 contributions from an unknown person or persons that were not disclosed on the pre-election campaign statement. On October 12, 2000, Respondent Dhillon for Supervisor received three contributions of \$100, \$250, and \$400, from an unknown person or persons that were not disclosed on the pre-election campaign statement.

By failing to file to disclose five contributions on the second pre-election campaign statement, filed on October 27, 2000, Respondents Dhillon and Dhillon for Supervisor violated section 84211, subdivision (f).

#### COUNT 6

##### **Failure to Report Campaign Expenditures**

On October 23, 2000, Respondent Dhillon made a \$5,000 expenditure from Respondent Dhillon for Supervisor's bank account. This expenditure of campaign funds was not disclosed on the semi-annual campaign statement filed on January, 31, 2001, for the reporting period October 22, 2000 through December 31, 2000.

By failing to file to disclose an expenditure on the semi-annual campaign statement, filed on January 31, 2001, Respondents Dhillon and Dhillon for Supervisor violated section 84211, subdivision (k).

#### Dhillon for Assembly

#### COUNT 7

##### **Failure to File First Pre-election Campaign Statement**

Respondents Dhillon and Dhillon for Assembly failed to file a first pre-election campaign statement for the January 1, 2000 through January 22, 2000 reporting period, by the January 27, 2000 due date, with any filing officer. During this reporting period, Respondent Dhillon for Assembly made expenditures, totaling \$5,000.

By failing to file a first pre-election campaign statement by the January 27, 2000 due date, Respondents Dhillon and Dhillon for Assembly violated section 84200.5, subdivisions (a) and (c).

#### COUNT 8

##### **Failure to File Second Pre-election Campaign Statement**

Respondents Dhillon and Dhillon for Assembly failed to file a second pre-election campaign statement for the January 23, 2000 through February 19, 2000 reporting period, by the February 24, 2000 due date, with any filing officer. During this reporting period, Respondent Dhillon for Assembly made expenditures, totaling \$10,005.



By failing to file a second pre-election campaign statement by the February 24, 2000 due date, Respondents Dhillon and Dhillon for Assembly violated section 84200.5, subdivisions (a) and (c).

COUNT 9  
**Failure to File Semi-annual Campaign Statement**

Respondents Dhillon and Dhillon for Assembly failed to file a semi-annual campaign statement for the February 20, 2000 through June 30, 2000 reporting period, by the July 31, 2000 due date, with any filing officer. During this reporting period, Respondent Dhillon for Assembly made expenditures, totaling \$36,040.

By failing to file a semi-annual campaign statement by the July 31, 2000 due date, Respondents Dhillon and Dhillon for Assembly violated section 84200, subdivision (a).

**CONCLUSION**

This case involves 9 counts with a potential maximum penalty of \$21,000.<sup>4</sup>

Counts 1, 2, 7, 8, and 9 involve a failure to file campaign statements and a statement of intention to be a candidate. The typical stipulated administrative penalty has historically ranged from \$1,000 to \$2,000 per statement.

Counts 3, 4, 5, and 6 involve a failure to include required information regarding expenditures and contributions on campaign statements. The typical administrative penalty that has historically been imposed by the Commission for violations of this kind, pursuant to a stipulation, has ranged from \$1,000 to \$2,000 per violation, although Count 6 involves a potential maximum penalty of \$5,000 per count, which would translate to a proportional range of \$2,500 to \$5,000 for that violation.

In aggravation, Respondent Dhillon controlled all three respondent committees that were involved in a number of transactions with each other, making it more difficult for the public to be fully informed of the sources of Respondent Dhillon's financial support. As an experienced office-holder, Respondent Dhillon was aware of the campaign disclosure provisions of the Act.

In mitigation, Respondent Dhillon's three campaigns were unsuccessful, and there was some reporting by the three respondent committees. Further, the aggregate amount of contribution and expenditure activity for all three respondent committees during the three-year period covered by this stipulation was a relatively modest \$114,000.

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<sup>4</sup> Prior to January 1, 2001, Government Code section 83116 provided that violations of the Political Reform Act were punishable by an administrative penalty of up to \$2,000. Proposition 34, approved by voters in November 2000, repealed those penalties and added the new section 83116, which provides that violations committed on or following January 1, 2001 are punishable by administrative penalties of up to \$5,000 per violation. Only Count 6 herein involves the potential for a maximum \$5,000 penalty.

The facts of this case, as well as the aforementioned factors, justify imposition of the agreed upon administrative penalty of Nineteen Thousand Dollars (\$19,000).